

FISCAL POLICIES MANUAL	1
INVESTMENTS: INTEREST EARNINGS ALLOCATIONS TO INTERNAL SERVICE FUNDS	1
PREFACE	1
DEFINITIONS	1
POLICY	1
FISCAL IMPACT	1
ADMINISTRATIVE PROCEDURES	2

FISCAL POLICIES MANUAL

INVESTMENTS: INTEREST EARNINGS ALLOCATIONS TO INTERNAL SERVICE FUNDS

PREFACE

[Idaho Code Title 67, Chapter 12](#), provides that interest on all invested idle cash balances shall be paid into the general fund, unless otherwise specifically required by law, federal law, regulation, or federal-state agreement.

The U.S. Office of Management and Budget (OMB) Circular A-87 provides that Internal Service Fund revenues shall consist of all revenues generated by the service.

DEFINITIONS

Idle Fund Balances - cash balances of funds at the end of each day. Average daily cash balances at the end of each month are used to calculate interest to be credited to the participating funds.

Internal Service Funds (ISF) - a governmental fund type used "...to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis." [GASB 1300.104, par.b.(2)]

POLICY

All interest earned on idle fund balances for every qualified Internal Service Fund, and other funds specifically required by Idaho Code, federal law, regulation, or federal-state agreement shall be credited to the account of that fund. All other interest on idle fund balances shall be paid into the general fund of the state of Idaho [[Idaho Code Title 67, Chapter 12](#)].

Every state agency having a qualified Internal Service Fund shall ensure that interest received for that Internal Service Fund is credited to the account of the applicable Internal Service Fund.

FISCAL IMPACT

The general fund will realize a decrease in interest revenue. The Internal Service Fund will receive its own interest revenue, enabling it to reduce its billing rate to other state agencies. Therefore, the decrease in interest revenue to the general fund may be offset by a reduction in general fund appropriations to the billed state agencies.

ADMINISTRATIVE PROCEDURES

Administrative procedures for making investments and allocating interest are the responsibility of the Office of the State Treasurer. Inquiries about investments, interest allocations, and service fees should be directed to the [Office of the State Treasurer](#).